Financing Agreement

(Energy for Rural Transformation Phase III Project)

between

REPUBLIC OF UGANDA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 16, 2015
FINANCING AGREEMENT

AGREEMENT dated DECEMBER 16, 2015, entered into between REPUBLIC OF UGANDA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to ninety seven million nine hundred thousand Special Drawing Rights (SDR 97,900,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are January 1 and July 1 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.
ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) that as a result of events which have occurred after the date of this Agreement, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

(b) the Electricity (Establishment and Management of the Rural Electrification Fund) Instrument, Statutory Instrument Number 75 of 2001, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Rural Electrification Agency ("REA") to perform any of its obligations under this Agreement.

(c) the Companies Act has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of: (i) the Private Sector Foundation Uganda ("PSFU"); or (ii) the Uganda Energy Credit Capitalisation Company Limited ("UECCC"), respectively, to perform any of its obligations under this Agreement.

(d) (i) the PSFU; or (ii) the UECCC, respectively, has failed to perform any of its obligations under this Agreement.

4.02. The Additional Events of Acceleration consist of the following:

(a) the event specified in paragraph (a) or (d) of Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the events has been given by the Association to the Recipient; and

(b) the event specified in paragraph (b) or (c) of Section 4.01 of this Agreement occur.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The PSFU Subsidiary Agreement and UECCC Subsidiary Agreement, respectively, have been executed on behalf of the Recipient and the PSFU or UECCC, respectively.

(b) The Global Environment Facility Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

(c) The Recipient has prepared and adopted the Operational Manual, in accordance with the provisions of Section I.C.1 of Schedule 2 to this Agreement.

(d) The Recipient, through REA, has: (i) appointed a procurement officer with qualifications, terms of reference and experience satisfactory to the Association; and (ii) established an operational procurement and contract management and monitoring system, in form and substance satisfactory to the Association.

5.02. The Additional Legal Matters consist of the following, namely, that the PSFU Subsidiary Agreement and the UECCC Subsidiary Agreement, respectively, have been duly authorized or ratified by the Recipient and PSFU or UECCC, respectively, and are legally binding upon the Recipient and PSFU or UECCC, respectively, in accordance with their respective terms.

5.03. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

5.04. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

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ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister responsible for finance.

6.02. The Recipient's Address is:

Ministry of Finance, Planning and Economic Development
Plot 2-12 Apollo Kaggwa Road
P.O. Box 8147
Kampala,
Republic of Uganda

Telephone Facsimile
256-414-707000 256-414-230163

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) 1-202-477-6391
Washington, D.C.
AGREED at Kampala, Republic of Uganda, as of the day and year first above written.

REPUBLIC OF UGANDA

By

Authorized Representative

Name: Matia Kasaija
Title: Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Christina Malmberg Calvo
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to increase access to electricity in rural areas of Uganda.

The Project constitutes the third phase of a series of projects, and consists of the following parts:

Part 1. On-Grid Energy Access

(a) Carrying out of rural electrification investment activities consisting of, *inter alia*, grid expansion, intensification and associated connections, in particular: (i) construction of approximately 21 priority power distribution lines in accordance with the Indicative Rural Electrification Master Plan; (ii) short grid extensions to medium voltage and low voltage networks; and (iii) last mile/no pole household connections (collectively "REA Subprojects").

(b) Strengthening the capacity of REA through provision of technical advisory services, non-consulting services, training and acquisition of goods for the purpose.

Part 2. Off-grid Energy Access

(a) Support to the Recipient’s ministries responsible for health, education and water, respectively, consisting of supply, installation and maintenance of solar photo-voltaic systems in health centers, post-primary schools (including staff quarters) and water pumping schemes in rural areas, respectively, and provision of technical advisory services and operating costs to said ministries for the purpose.

(b) Strengthening business development support services in rural areas, in particular: (i) carrying out of an assessment of business development support needs of, and provision of appropriate training to wiremen, technicians and contractors; (ii) construction of pico-hydro and micro-hydro power generation facilities in rural areas; and (iii) supporting organization and self-regulation of solar photo-voltaic vendors.

(c) (i) Scaling-up of the Credit Support Facility ("CSF") to support and facilitate the provision by Participating Financial Intermediaries ("PFIs") of financing to CSF Eligible Enterprises and CSF Eligible Households, respectively, for carrying out CSF Subprojects; and (ii) strengthening the capacity of UECCC and PFIs through provision of technical advisory services and operating costs for the purpose.
(d) Supporting solar market development, through: (i) carrying out public awareness campaigns on quality and effective solar lighting products; and (ii) strengthening the capacity of the Uganda National Bureau of Standards ("UNBS") for, *inter alia*, review of the national solar quality assurance framework with a view to obtaining international accreditation, all through the provision of technical advisory services, training, operating costs and acquisition of goods for the purpose.

**Part 3. Institutional Strengthening and Impacts Monitoring**

(a) Provision of technical advisory services to the Ministry of Energy and Mineral Development ("MEMD") for, *inter alia*: (i) undertaking a cost of service study for the sector; (ii) carrying out consumer affordability studies; (iii) preparation of national guidelines for the design and construction of electricity distribution infrastructure; (iv) review of qualifications and licensing requirements for electrical technicians such as wiremen; (v) systematic review of the new electrification model; (vi) carrying out of priority environmental and social impact assessment studies and recommendation of appropriate mitigation measures; (vii) carrying out a comprehensive review of technical information on potential geothermal sites/fields and the applicable legal and regulatory framework to identify gaps and make recommendations for improvement; and (viii) depending on the findings from (vii) immediately above, carrying out of magnetotellurics and transient electromagnetic surveys, and provision of goods for the purpose.

(b) Strengthening the institutional and technical capacities of the MEMD, the Project Coordination Unit and the Electricity Regulatory Authority for Project implementation, coordination and oversight, including, procurement and financial management, monitoring and evaluation and reporting.

(c) Supporting monitoring and impact evaluation of Project activities as well as outcomes of activities under the Energy for Rural Transformation Phase II project.
Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. Ministry of Energy and Mineral Development ("MEMD")
   
   (a) The Recipient shall designate, at all times during the implementation of the Project, the MEMD to be responsible for prompt and efficient oversight and coordination of the implementation of activities under the Project, and shall take all actions including the provision of funding, personnel and other resources necessary to enable the MEMD to perform its functions.

   (b) To this end, the Recipient, through MEMD, shall establish and thereafter maintain at all times during the implementation of the Project, a Project Coordination Unit ("PCU") with a composition, mandate, staffing and other resources satisfactory to the Association. The PCU shall be responsible for day to day oversight and coordination of the implementation of activities under the Project.

2. Rural Electrification Agency ("REA")
   
   (a) Without limitation upon the provisions of paragraph 1 immediately above, the Recipient shall designate, at all times during the implementation of the Project, the Rural Electrification Agency ("REA") to be responsible for day to day implementation of activities under Part I of the Project, and shall take or cause to be taken all actions including the provision of funding, personnel and other resources necessary to enable REA to perform said functions.

   (b) To this end, the Recipient shall, through REA: (i) amend existing Lease Agreements; and/or (ii) enter into new Implementation Agreements with participating Service Providers ("SPs"), under terms and conditions acceptable to the Association (including, among others, terms and conditions pertaining to coverage of Service Territories in their entirety and financial management arrangements between REA and said SP).

3. Project Steering Committee
   
   Without limitation upon the provisions of paragraphs 1 and 2 immediately above, the Recipient, through MEMD, shall establish and thereafter maintain at all times during the implementation of the Project, the Project Steering Committee, with a
composition, mandate, terms of reference and resources satisfactory to the Association, to be responsible for providing strategic and policy guidance for the Project at the national level.

B. Subsidiary Agreements (PSFU Subsidiary Agreement; UECCC Subsidiary Agreement)

1. To facilitate the carrying out of:

(a) PSFU’s Respective Part of the Project, the Recipient shall make PSFU’s Subsidiary Financing available to the PSFU under a subsidiary agreement (“PSFU Subsidiary Agreement”) between the Recipient and the PSFU; and

(b) UECCC’s Respective Part of the Project, the Recipient shall make the UECCC’s Subsidiary Financing available to the UECCC, under a subsidiary agreement (“UECCC Subsidiary Financing”) between the Recipient and the UECCC, both under terms and conditions approved by the Association, which shall include:

(i) the principal amount of the Financing made available under the Subsidiary Agreement (“Subsidiary Financing”) shall be denominated in Dollars;

(ii) the Subsidiary Financing shall be made available on a non-refundable grant basis; and

(iii) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (A) suspend or terminate the right of the PSFU or UECCC (as the case may be), to use the proceeds of the Subsidiary Financing, or obtain a refund of all or any part of the amount of the Subsidiary Financing then withdrawn, upon the PSFU’s or UECCC’s (as the case may be) failure to perform any of its obligations under the Subsidiary Agreement; and (B) require the PSFU or UECCC (as the case may be) to: (1) carry out its Respective Part of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of credit proceeds other than the Recipient; (2) provide, promptly as needed, the resources required for the purpose; (3) procure the goods, works, non-consulting services and consultants services to be financed out of
the Subsidiary Financing in accordance with the provisions of this Agreement; (4) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of its Respective Part of the Project and the achievement of its objectives; (5) (aa) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its Respective Part of the Project; and (bb) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (6) enable the Recipient and the Association to inspect its Respective Part of the Project, its operation and any relevant records and documents; and (7) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing ("Subsidiary Agreement").

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Implementation Arrangements

1. Operational Manual

(a) The Recipient shall prepare, in accordance with terms of reference acceptable to the Association and furnish to the Association for review, an Operational Manual, which shall include provisions on the following matters: (i) capacity building activities for sustained achievement of the Project's objectives; (ii) arrangements on financial management, setting forth the detailed policies and procedures for financial management under the Project; (iii) procurement management procedures, including a manual to guide procurement at the local level; (iv) institutional administration, coordination and day to day execution of Project activities; (v) monitoring and evaluation; (vi) reporting; (vii) information, education and communication of Project activities and results; (viii) the eligibility criteria, guidelines and detailed procedures for the selection, approval, implementation and management of REA Subprojects under Part 1(a) of
the Project, including, the role of SPs during planning, sub-project identification, design, procurement, construction, and operations and maintenance of the REA subprojects; (ix) guidelines for assessing potential environmental and social impacts of Project activities (including REA Subprojects and CSF Subprojects, respectively) and designing appropriate mitigation, management and monitoring measures in respect of said impacts (namely, guidelines for preparation and implementation of Safeguards Instruments as required by the Safeguards Frameworks); (x) an annex on the detailed design of the CSF under Part 2(c) of the Project, including, *inter alia*, the technical and economic feasibility of the CSF, the eligibility and selection criteria for the PFIs, the activities to be financed by the CSF (namely, the eligibility criteria, guidelines and detailed procedures for the selection, approval, provision and management of CSF financing to CSF Eligible Enterprises and CSF Eligible Households) and the implementation arrangements ("CSF Operational Manual"); (xi) an annex on Accountability Instructions for the implementation of Part 2(a) of the Project by Other Ministries; and (xii) such other technical and organizational arrangements and procedures as shall be required for the Project.

(b) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on said Operational Manual, and thereafter, shall adopt such Operational Manual, as shall have been approved by the Association ("Operational Manual").

(c) The Recipient shall ensure that the Project is carried out in accordance with the Operational Manual; provided, however, that in case of any conflict between the provisions of the Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(d) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Operational Manual.

2. **Annual Work Plan and Budget**

(a) The Recipient shall prepare and furnish to the Association not later than March 31 of each Fiscal Year during the implementation of the Project, a work plan and budget containing all activities (including REA Subprojects and CSF Subprojects under the Project) proposed to be included in the Project (including Safeguards Instruments applicable to said activities in accordance with the provisions of Section I.G of this Schedule 2) during the following Fiscal Year, and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.
(b) Each such proposed work plan and budget shall specify any Training activities that may be required under the Project, including: (i) the type of Training; (ii) the purpose of the Training; (iii) the personnel to be trained; (iv) the institution or individual who will conduct the Training; (v) the location and duration of the Training; and (vi) the cost of the Training.

(c) The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on each such proposed work plan and budget and thereafter ensure that the Project is implemented with due diligence during said following Fiscal Year in accordance with such work plan and budget as shall have been approved by the Association ("Annual Work Plan and Budget").

(d) The Recipient shall not make or allow to be made any change(s) to the approved Annual Work Plan and Budget without prior approval in writing by the Association.

3. Accountability Instructions

(a) The Recipient, through MEMD, shall issue Accountability Instructions, in form and substance satisfactory to the Association, for the implementation of Part 2(a) of the Project by Other Ministries. The Accountability Instructions shall stipulate the respective roles and responsibilities of the Other Ministries, and arrangements for implementation and reporting of the activities carried out by each Other Ministry.

(b) The Recipient shall ensure that:

(i) Part 2(a) of the Project is carried out in accordance with the respective Accountability Instructions; and

(ii) except as the Recipient and the Association shall otherwise agree in writing, neither MEMD nor the Other Ministries shall amend or waive any provision of the Accountability Instructions if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

4. Memoranda of Understanding

(a) The Recipient shall implement: (i) Part 2(d); and (ii) Parts 3(a) and (b) of the Project, respectively, in accordance with the arrangements and procedures set out in the Memoranda of Understanding between REA and UNBS, or MEMD and ERA, respectively, with respect to the implementation of said Parts 2(d), and Parts 3(a) and 3(b) of the Project,
respectively; provided, however, that in case of any conflict between the provisions of any Memorandum of Understanding and of this Agreement, the provisions of this Agreement shall prevail.

(b) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of the Memoranda of Understanding, if such amendment, abrogation or waiver may, in the opinion of the Association, materially or adversely affect the implementation of said: (i) Part 2(d); and (ii) Parts 3(a) and 3(b) of the Project, respectively.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. REA Subprojects under Part 1(a) of the Project

Each REA Subproject shall be eligible for financing upon the Recipient’s determination, on the basis of an appraisal conducted in accordance with the criteria, guidelines and detailed procedures set forth in the Operational Manual, that the REA Subproject satisfies the eligibility criteria specified in the Operational Manual, which criteria shall, inter alia, include the following:

1. the REA Subproject shall be appraised on the basis of technical, economic, financial, environmental and social assessments and other guidelines acceptable to the Association (and be accompanied by appropriate Safeguards Instruments, if required pursuant to the Safeguards Frameworks);

2. the REA Subproject and the associated Safeguards Instruments, if any, shall be approved by the Recipient and the Association, unless with respect to the Association’s approval, the Association has notified the Recipient in writing that its prior approval is not required; and

3. the REA Subproject shall be included in the Annual Work Plan and Budget.

F. Credit Support Facility under Part 2(c) of the Project

1. Eligibility Criteria of Participating Financial Intermediaries. The Recipient, through UECCC, in consultation with the Association, shall select Participating Financial Intermediaries (“PFIs”), for participation in the Credit Support Facility under Part 2(c) of the Project, based on eligibility criteria, guidelines and detailed procedures specified in the CSF Operational Manual, which criteria shall, inter alia, include the following:
(a) the PFI is a micro-finance or commercial bank or other financial institution duly established and operating Financial Institution Business under the laws of the Recipient;

(b) the PFI has, *inter alia*, adequate fiduciary safeguards, business policies and procedures and institutional management systems for operating said Financial Institution Business;

(c) the PFI is, at all material times, in full compliance with all prudential laws and regulations and is regulated by the Bank of Uganda; and

(d) the PFI has, on the basis of an appraisal conducted in accordance with the eligibility criteria, guidelines and detailed procedures set forth in the CSF Operational Manual, determined that any CSF Subproject satisfies, *inter alia*, the eligibility criteria specified in the CSF Operational Manual and set forth below: (i) the CSF Subproject is appraised on the basis of technical, economic, financial, environmental and social assessments and other guidelines acceptable to the Association; and (ii) CSF Subproject is approved by the UECCC and the Association.

2. The Recipient, through UECCC, shall ensure that the PFI makes each Approved PFI Loan for a CSF Subproject under a CSF Subloan Agreement on terms and conditions acceptable to the Association, including: (a) the principal amount of the Approved PFI Loan shall be: (i) denominated and repayable in Uganda Shillings; (ii) charged concessional interest on the principal amount withdrawn and outstanding from time to time; and (iii) repayable over a period not exceeding 5 years from the date of the CSF Subloan Agreement. Except as the UECCC shall otherwise agree in writing, the PFI shall not assign, amend, abrogate or waive any CSF Subloan Agreement or any of its provisions.

3. Participation Agreements

(a) To facilitate the carrying out of Part 2(c) of the Project, UECCC shall make available a portion of the proceeds of the UECCC Subsidiary Financing to each eligible PFI ("PFI Sub-financing") under a Participation Agreement, under terms and conditions specified in this Agreement and the CSF Operational Manual, including the following:

(i) the proceeds of UECCC Subsidiary Financing shall be made available to a PFI in the form of a concessional revolving line of credit or a concessional partial risk guarantee or a combination thereof, subject to the following: (A) a concessional line of credit shall be available to finance part of the cost of CSF Subprojects; and its maturity period shall not exceed five (5) years; and (B) a partial risk guarantee shall be available to the PFI to provide
partial insurance cover against one or more forms of Eligible Risks; and

(ii) except as otherwise agreed to in writing by the Association and the UECCC, no proposal for a PFI Sub-financing exceeding US$1.5 million equivalent shall be eligible for financing under the UECCC Subsidiary Financing.

(b) UECCC shall obtain rights adequate to protect its interests and those of the Recipient and the Association, including the right to:

(i) suspend or terminate the right of the PFI to use the proceeds of the PFI Sub-financing, or declare to be immediately due and payable all or any part of the amount of the PFI Sub-financing then withdrawn, upon the PFI's failure to perform any of its obligations under the Participation Agreement; and

(ii) require each PFI to: (A) ensure that the PFI Sub-financing is used for its intended purpose, with due attention to the principles of economy, efficiency, effectiveness, transparency and accountability; (B) ensure that all CSF Sub-projects are carried out with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of credit proceeds other than the Recipient; (B) ensure that each CSF Eligible Enterprise provides, promptly as needed, the resources required for the purpose; (C) ensure that each CSF Eligible Enterprise or CSF Eligible Household, as the case may be, procures the goods, works, non-consulting services and consultants services to be financed out of the Approved PFI Loan in accordance with well-established private sector procurement methods or commercial practices which have been found acceptable to the Association; (D) ensure that each CSF Eligible Enterprise maintains policies and procedures adequate to enable UECCC or the PFI to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the CSF Sub-project and the achievement of its objectives; (E) (1) ensure that each CSF Eligible Enterprise maintains a financial management system and prepares financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the CSF Sub-project; and (2) at the Association's or the Recipient's request, have such financial
statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; (F) enable the Recipient and the Association to inspect the CSF Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to UECCC and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing;

(c) UECCC shall exercise its rights under each Participation Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, UECCC shall not assign, amend, abrogate or waive any Participation Agreement or any of its provisions.

4. Partial Risk Guarantee Banking Arrangements

UECCC shall:

1. maintain, on terms and conditions acceptable to the Association, a Dollar or Uganda Shilling denominated account ("Account") in the Bank of Uganda for any partial risk guarantee offered pursuant to a Participation Agreement;

2. upon approval by the Association of a Participation Agreement, secure out of the proceeds of the UECCC Subsidiary Financing, a pre-determined percentage-based amount deemed sufficient to fully fund any partial risk guarantee;

3. ensure that any unused funds left over in the Account shall not be reallocated or otherwise disposed of until after the exercise or expiration of the partial risk guarantee, but subject to full settlement of any amount due or outstanding under the partial risk guarantee, as the case may be, and in accordance with the terms and conditions set forth in the CSF Operational Manual.

G. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the Safeguards Frameworks and Safeguards Instruments. To this end, the Recipient shall ensure that the following actions are taken in a manner acceptable to the Association:

(a) if any Project activity would, pursuant to the Environmental and Social Management Framework ("ESMF"): (i) require the carrying out of an Environmental and Social Impact Assessment ("ESIA"), the Recipient shall ensure that an ESIA for such activity is: (A) carried out in accordance
with the requirements of the ESMF, and furnished to the Association for review and approval; and (B) disclosed as required by the ESMF and approved by the Association; and (ii) require the preparation of an Environmental and Social Management Plan ("ESMP"), such ESMP is prepared in accordance with the ESMF and furnished to the Association for review and approval, and is disclosed as required by the ESMF and approved by the Association; and

(b) if a Resettlement Action Plan ("RAP") would be required for any Project activity on the basis of the Resettlement Policy Framework ("RPF"): (i) said RAP shall be prepared in accordance with the requirements of the RPF, furnished to the Association for review and approval, and disclosed as required by the RPF and approved by the Association; and (ii) no works under said activity shall be commenced until all measures required to be taken under said RAP prior to the initiation of said works have been taken.

2. Without limitation upon its other reporting obligations under this agreement and under Section 4.08 of the General Conditions, the Recipient shall include in the Project Reports referred to in Section II.A of this Schedule, adequate information on the implementation of the Safeguards Frameworks and Safeguards Instruments, giving details of: (a) measures taken in furtherance of such Safeguards Frameworks and Safeguards Instruments; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such Safeguards Frameworks and Safeguards Instruments; and (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such Safeguards Frameworks and Safeguards Instruments.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall, not later than three (3) months prior to the mid-term review referred to in paragraph 3 of this Section II.A, furnish to the Association for comments, a report, in such detail as the Association shall reasonably request, on the progress of the Project, and giving details of the various matters to be discussed at such review.
3. The Recipient shall, not later than thirty (30) months after the Effective Date, undertake, in conjunction with all agencies involved in the Project, a comprehensive mid-term review of the Project during which it shall exchange views with the Association and implementing agencies generally on all matters relating to the progress of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by said implementing agencies, having regard to the performance indicators referred to in paragraph 1 of this Section II.A.

4. Following the mid-term review, the Recipient shall act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, or to implement such other measures as may be required in furtherance of the objectives of the Project.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) Fiscal Year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

4. Internal Audits. Without limitation upon the provisions of paragraph 3 of this Section II.B, the Recipient shall carry out semi-annual internal audits under terms and conditions satisfactory to the Association, and furnish the related internal audit reports to the Association not later than forty-five (45) days after the end of each audited period.
Section III. Procurement

A. General

1. Goods, Works and Non-consulting Services. All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. Consultants' Services. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions in paragraph 3 below; (c) Shopping, subject to the additional provision in paragraph 4 below; (d) procurement under Framework Agreements in accordance with procedures which have been found acceptable to the Association, subject to the additional provision in paragraph 5 below; (e) Direct Contracting; and (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association.

3. National Competitive Bidding ("NCB") shall be subject to the following:

(a) Domestic preferences shall not apply under NCB;

(b) The charging of fees for dealing with bidder complaints at procuring entity level shall not be permitted;
Firms or individuals debarred or suspended by the Association shall not be eligible (in addition to firms or individuals suspended by PPDA);

Paragraph 6(1)(c) of the fourth schedule of the PPDA Act (restriction on contract amendments to an aggregate amount of twenty-five percent (25%) of the original contract amount) shall not apply (set out in Annex 2 to this Agreement);

Regulation 48(a) of the PPDA Regulations (on rejection of a bid submitted by a bidder who did not obtain the bidding document directly from the procuring and disposing entity) shall not apply (set out in Annex 1 to this Agreement); and

Regulation 53(9) of the PPDA Regulations (restriction on the use of bid securing declarations to restricted domestic bidding and quotations procurement) shall not apply (set out in Annex 1 to this Agreement).

4. Shopping shall follow the request for quotations procedures (as defined in the PPDA Act and attendant regulations) subject to the provisions in sub-paragraphs (a) to (f) immediately above.

5. Framework Agreements ("FAs") shall be subject to the following, namely, that FA procedures (as defined in the PPDA Act) shall be subject to competitive bidding under NCB procedures (subject to the exceptions under paragraph 3 above).

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association; (g) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (h) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (i) Single-source procedures for the Selection of Individual Consultants.
D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) REA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) REA Subprojects under Part 1(a) of the Project</td>
<td>79,800,000</td>
<td></td>
</tr>
<tr>
<td>(b) Goods, consultants' services, non-consulting services and Training under Parts 1(b) and 2(d) of the Project</td>
<td>4,400,000</td>
<td>100% (exclusive of taxes)</td>
</tr>
<tr>
<td>(2) UECCC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Credit Support Facility under Part 2(c)(i) of the Project</td>
<td>6,200,000</td>
<td>100% (inclusive of taxes)</td>
</tr>
<tr>
<td>(b) Goods, consultants' services, non-consulting services, Training and</td>
<td>1,100,000</td>
<td>100% (inclusive of taxes)</td>
</tr>
</tbody>
</table>
### Operating Costs under Part 2(c)(ii) of the Project

<table>
<thead>
<tr>
<th>Part 2(c)(ii)</th>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) PSFU</td>
<td>Goods, consultants' services, non-consulting services, Training and Operating Costs under Part 2(b) of the Project</td>
<td>1,100,000</td>
<td>100% (inclusive of taxes)</td>
</tr>
<tr>
<td>(4) MEMD</td>
<td>Goods, non-consulting services, consulting services, Training and Operating Costs under Parts 3(a) and 3(b) of the Project</td>
<td>2,800,000</td>
<td>100% (inclusive of taxes)</td>
</tr>
<tr>
<td>(5) Other Ministries</td>
<td>Goods, consultants' services, non-consulting services, Training and Operating Costs under Part 2(a) of the Project</td>
<td>1,300,000</td>
<td>100% (inclusive of taxes)</td>
</tr>
<tr>
<td>(6) Goods, consultants' services, non-consulting services, Training and Operating Costs under Part 3(c) of the Project</td>
<td>500,000</td>
<td>100% (inclusive of taxes)</td>
<td></td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td></td>
<td>700,000</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL AMOUNT** 97,900,000
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed US$20,000,000 may be made for payments made prior to this date but on or after July 1, 2015\(^1\), for Eligible Expenditures under Categories (1)(a) and 2(b); or

   (b) under Category (1)(a), unless and until the Recipient, through REA: (i) has amended an existing lease agreement with a participating Service Provider or entered into an Implementation Agreement with a participating Service Provider or entered into a new lease agreement with a participating Service Provider, prior to the commencement of activities under Part 1(a) of the Project in the respective Service Territory, in accordance with the provisions of Section I.A.2(b) of Schedule 2 to this Agreement; and (ii) has submitted to the Association, either an interim license (in lieu of an amended license) or a license for distribution and sale of electricity for said participating Service Provider, prior to the commencement of activities under said Part 1(a) of the Project in the respective Service Territory; or

   (c) under Category (2)(a), unless and until the Recipient, through UECCC: (i) has executed a Participation Agreement with at least one (1) PFI, in accordance with the provisions of Section I.F.2 of Schedule 2 to this Agreement; and (ii) has appointed a treasury officer, a transaction officer and a risk officer, all in accordance with the provisions of Section III of Schedule 2 to this Agreement; or

   (d) under Category (5), unless and until the Recipient, through MEMD, has; fully utilized or Committed the proceeds of the Global Environment Facility Grant allocated from time to time to said Category 5.

2. The Closing Date is December 31, 2020.

Section V. Other Undertaking

The Recipient, through MEMD, shall not later than March 31, 2016, adopt a policy on public financing of electricity connection costs for household consumers.

\(^1\) Subject to the actual date of the FA.
### SCHEDULE 3

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each January 1 and July 1, commencing July 1, 2021 to and including January 1, 2053</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Definitions

1. “Account” means UECCC’s account referred to in Section I.F.4 of Schedule 2 to this Agreement.

2. “Accountability Instructions” means the instructions issued by the Recipient, through MEMD, in accordance with the provisions of Section I.C.3 of Schedule 2 to this Agreement.

3. “Affected Persons” means persons who, on account of the execution of the Project would suffer direct economic and social impacts resulting in: (a) relocation or loss of shelter; (b) loss of assets or access to assets; (c) loss of income sources or means of livelihood, whether or not the affected persons must move to another location; and (d) adverse impacts on the livelihoods of the affected persons.

4. “Approved PFI Loan” means a loan made or to be made by a PFI to a CSF Eligible Enterprise or CSF Eligible Household pursuant to a CSF Subloan Agreement, and to be covered by the proceeds of UECCC Subsidiary Financing.


6. “Bank of Uganda” means the Recipient’s central bank established and operating pursuant to Chapter 51 of the laws of the Recipient.

7. “Cabinet” means the Recipient’s cabinet established and operating pursuant to the Constitution of the Recipient, 1995, as amended to date.

8. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

9. “Committed” means all Special Commitments.


12. “Credit Support Facility” or “CSF” means the facility described in greater detail in the CSF Operational Manual and which offers the provision by UECCC to PFIs...
of a participation loan, concessional line of credit or partial risk guarantee to facilitate, in each case, the making of an Approved PFI Loan.

13. “CSF Eligible Enterprise” means a private sector enterprise or operator or other entity which has met the eligibility criteria set out in the CSF Operational Manual and to which a PFI proposes to make or has made an Approved PFI Loan, and “CSF Eligible Enterprises” means, collectively, two or more such private sector enterprises or operators or other entities.

14. “CSF Eligible Household” means an individual household which has met the eligibility criteria set out in the CSF Operational Manual and to which a PFI proposes to make or has made an Approved PFI Loan, and “CSF Eligible Households” means, collectively, two or more such households.

15. “CSF Operational Manual” means the manual to be prepared and adopted by the UECCC in accordance with the provisions of Section 1.C.1(a)(x) of Schedule 2 to this Agreement, setting out policies (including eligibility criteria), procedures, terms and conditions and prudential management guidelines for the operation of the CSF.

16. “CSF Subloan Agreement” means an agreement between a PFI and a CSF Eligible Enterprise or CSF Eligible Households, respectively, providing for an Approved PFI Loan for the purposes of a CSF Subproject.

17. “CSF Subproject” means a specific development investment project to be carried out by a CSF Eligible Enterprise or CSF Eligible Household, as the case may be, and financed through an Approved PFI Loan, in accordance with the provisions of the CSF Operational Manual, and “CSF Subprojects” means collectively, two or more such specific development investment projects.


19. “Electricity Regulatory Authority” or “ERA” means the Recipient’s authority established and operating pursuant to the Electricity Act Chapter 145 of the laws of the Recipient.

20. “Eligible Risk” means any risk which has the effect of reducing or impairing a CSF Eligible Enterprise’s ability to service the Approved PFI Loan, as such risk shall further be defined in the CSF Operational Manual, and “Eligible Risks” means, collectively, two or more such risks.
21. “Energy for Rural Transformation Phase II” means the project described in Schedule 1 to the financing agreement between the Recipient and the International Development Association, dated August 27, 2009, for phase II of the energy for rural transformation project (Credit Number 4554-UG).

22. “Environmental and Social Impact Assessment” or “ESIA” means, with respect to each activity under the Project pursuant to which the ESMF requires an environmental and social impact assessment, such assessment, carried out in accordance with the provisions of Section I.G of Schedule 2 to this Agreement, and such term includes the ESIAs prepared for Kiganda Mile 16 and Ruhumba-Kashwa distribution lines and disclosed in-country on March 23, 2015, and at the Association’s InfoShop on March 27, 2015.

23. “Environmental and Social Management Framework” or “ESMF” means the framework of the Recipient disclosed in-country on July 29, 2014, and at the Association’s InfoShop on September 8, 2014, setting forth the modalities for environmental screening and procedures for the preparation and implementation of environmental assessments and management plans under the Project, and such term includes all schedules and annexes to the ESMF, as the same may be amended from time to time with the written agreement of the Association.

24. “Environmental and Social Management Plan” or “ESMP” means a plan prepared by the Recipient in accordance with the provisions of Section I.G of Schedule 2 to this Agreement.


26. “Fiscal Year” or “FY” means the Recipient’s twelve month period starting July 1 and ending June 30 of the following year.

27. “Global Environment Facility Grant Agreement” means the agreement of the same date as this Agreement, between the Recipient and the International Bank for Reconstruction and Development, acting as implementing Agency of the Global Environmental Facility, providing a grant for Part 2(a) of the Project.

28. “Global Environment Facility Grant” means the grant of eight million two hundred thousand Dollars ($8,200,000) provided to the Recipient under the GEF Grant Agreement.


30. “Implementation Agreement” means an agreement to be entered into between the REA and a Service Provider and referred to in Section I.A.2(b) of Schedule 2 to

32. "MEMD" means the Recipient’s ministry responsible for energy and mineral development.

33. "Memorandum of Understanding" or "MOU" means a memorandum of understanding between REA and UNBS, or MEMD and ERA, respectively, with respect to the implementation of Parts 2(d), and Parts 3(a) and 3(b) of the Project, respectively, as the same may be amended from time to time, providing for the respective roles and responsibilities and the modality for coordination of activities, common arrangements and procedures on procurement, disbursement, accounting, monitoring, reporting, auditing, coordination and exchange of information required for the implementation of the Project, and "Memoranda of Understanding" means, collectively, two or more such memorandum of understanding.

34. "Operating Costs" means the incremental expenses incurred on account of Project implementation based on the Annual Work Plan and Budget, and consisting of, audit fees, expenditures for office supplies, vehicle operation and maintenance, maintenance of equipment, communication and insurance costs, office administration costs, utilities, rental, consumables, accommodation, travel and per diem, and salaries of Project staff, but excluding the salaries of the Recipient’s civil service, meeting allowances, other sitting allowances, salary top ups and all honoraria.

35. "Operational Manual" means the Recipient’s manual referred to in Section I.C.1 of Schedule 2 to this Agreement.

36. “Other Ministry” means, individually, the Recipient’s ministry responsible for health or education or water, or any successors thereto, and “Other Ministries” means, collectively, two or more such ministries, or their successors.

37. "Participating Financial Intermediary" or "PFI" means, individually, a financial institution that has satisfied the eligibility criteria set forth in Section I.F.1 of Schedule 2 to this Agreement and in the CSF Operational Manual, with which UECCC has entered into, or proposes to enter into, a Participation Agreement, and "Participating Financial Intermediaries" or "PFIs" means, collectively, two or more such PFIs.
38. "PPDA" means the Recipient's Public Procurement and Disposal of Public Assets Authority established and operating pursuant to the PPDA Act, and any successor thereto.

39. "PPDA Act" means the Recipient's Public Procurement and Disposal of Public Assets Act Number I of 2003, as amended to date.

40. "PPDA Regulations" means, for the purposes of this Agreement, the provisions from the Recipient's Public Procurement and Disposal of Public Assets (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014 (under section 96 of the PPDA Act), dated March 3, 2014, set out in Annex 1 to this Agreement.

41. "Private Sector Foundation Uganda" or "PSFU" means a company limited by guarantee, incorporated on August 24, 1995, operating pursuant to the Recipient's Companies Act, Chapter 110 of the Laws of Uganda.


43. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 29, 2015, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

44. "Program" means the program designed to reform and improve the provision of energy for the transformation of the rural sector of the Recipient's economy and set forth or referred to in the letter dated April 4, 2001, from the Recipient to the Association.

45. "Project Coordination Unit" or "PCU" means the unit established within MEMD and referred to in Section I.A.1 of Schedule 2 to this Agreement.

46. "PSFU's Respective Part of the Project" means Part 2(b) of the Project.

47. "PSFU Subsidiary Agreement" means the agreement pursuant to which the Recipient shall make the PSFU Subsidiary Financing available to PSFU.

48. "PSFU Subsidiary Financing" means that part of the proceeds of the Financing allocated from time to time to Category (3) set forth in the table in Section IV of Schedule 2 to this Agreement.

49. "REA Subproject" means a specific development project to be carried out by REA under Part 1(a) of the Project, and "REA Subprojects" means, collectively, two or more such specific development projects.
50. “Resettlement Action Plan” or “RAP” means a resettlement plan, prepared and implemented in accordance with the RPF and the provisions of Section I.G of Schedule 2 to this Agreement, and such term includes the action plans prepared for Kiganda Mile 16 and Ruhumba-Kaswa distribution lines and disclosed in-country on March 23, 2015, and at the Association’s InfoShop on March 27, 2015.

51. “RPF” means the Resettlement Policy Framework of the Recipient disclosed in-country on April 14, 2015, and in the Association’s InfoShop on April 14, 2015, setting forth the modalities for resettlement and compensation of Affected Persons under the Project, as the same may be amended from time to time with the written agreement of the Association.

52. “Rural Electrification Agency” or “REA” means the agency established pursuant to the Recipient’s Electricity (Establishment and Management of the Rural Electrification Fund) Instrument, Statutory Instrument No. 75 of 2001.

53. “Safeguards Framework” means, the ESMF or RPF, as the context may require; and “Safeguards Frameworks” means, collectively, two or more such frameworks.

54. “Safeguards Instrument” means, an ESIA, ESMP or a RAP for a Project activity; and “Safeguards Instruments” means, collectively, two or more such instruments.

55. “Service Provider” means a licensed electricity distribution operator which has a concession to operate and maintain distribution networks in a Service Territory, and “Service Providers” means, collectively, two or more such licensed electricity distribution operators.

56. “Service Territory” means an area concessioned for rural electrification as defined in the Recipient’s document entitled Second Rural Electrification Strategy and Plan (2013-2022), and “Service Territories” means, collectively, two or more such areas.

57. “Subsidiary Agreement” means, individually, the UECCC Subsidiary Agreement or the PSFU Subsidiary Agreement (as the context may require); and “Subsidiary Agreements” means, collectively, the UECCC Subsidiary Agreement and PSFU Subsidiary Agreement.

58. “Training” means the costs associated with training provided under the Project based on the Annual Work Plan and Budget, and consisting of reasonable expenditures (other than expenditures for consultants’ services) for: (a) travel, room, board and per diem expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.

60. "UECCC Subsidiary Agreement" means the Agreement pursuant to which the Recipient shall make the UECCC Subsidiary Financing available to UECCC.

61. "UECCC Subsidiary Financing" means such part of the proceeds of the Financing allocated from time to time to Category (2) set forth in the table in Section IV of Schedule 2 to this Agreement.

62. "UECCC's Respective Part of the Project" means Part 2(c) of the Project.

63. "UNBS" means the Uganda National Bureau of Standards established and operating pursuant to Chapter 327 of the laws of the Recipient.
ANNEX I

Exceptions to the PPDA Regulations

"48. Bidding documents not obtained directly from a procuring and disposing entity.

A bid shall be rejected during the preliminary examination of bids, if the bid is received from a bidder who –

(a) is not listed on Form 8 as having bought or obtained the bidding document directly from the procuring and disposing entity.

...

53. Bid security and bid securing declaration.

(9) A procuring and disposing entity shall require a bid securing declaration where the restricted domestic bidding and quotations procurement methods are used."
ANNEX 2

Exception in Fourth Schedule to the PPDA Act

"Section 79 (1).

Fourth Schedule
Conditions for Use of Procurement Methods

6. Direct procurement.

(1) Direct procurement may be used—

(a) where—

(i) there is insufficient time for any other procedure such as in an emergency situation; or

(ii) the works, services or supplies are available from only one provider; or

(iii) an existing contract could be extended for additional works, services or supplies of a similar nature and no advantage could be obtained by further competition, if the prices on the extended contract are reasonable; or

(iv) additional works, services or supplies are required to be compatible with existing supplies, works or services and it is advantageous or necessary to purchase the additional works, services or supplies from the original supplier, provided the prices on the additional contract are reasonable; or

(v) it is essential or preferable to purchase additional works, services or supplies from the original supplier to ensure continuity for downstream work, including continuity in technical approach, use of experience acquired or continued professional liability, if the prices on the additional contract are reasonable;

(b) in the circumstances specified in subparagraph (1)(a)(iii), (iv) and (v), where the value of the new works, services or supplies does not exceed fifteen percent of the value of the original or existing contract and the original or existing contract is awarded through a competitive process; and

(c) where direct procurement is used more than once in the circumstances specified in sub paragraph (1)(b), the cumulative value
of all new works, services or supplies shall not exceed twenty five percent of the value of the original or existing contract.”